

Minutes of the Strategic Planning Committee of CareFirst, Inc.
Thursday, April 26, 2001
At Its Headquarters in Owings Mills, Maryland

Members Present: Charles W. Shivery (SPC Chairman); Daniel Altobello; Edward J. Baran (by phone); Max S. Bell, Jr., Esq.; Sister Carol Keehan, R.N., M.S.; Roger C. Lipitz; Patricia E. Lund, Ed.D., R.N.; Robert H. Naftaly; Robert Rider (Finance Committee); James C. Simpson (Finance Committee)

Also Present: William L. Jews; Mark Chaney; Gregory A. Devou; Leon Kaplan; Paul King; John A. Picciotto; Sharon Vecchioni; David D. Wolf; Sandy Beard; Jay Smith; Will Taylor; Stuart Smith; Pat McMullan; Larry Lavine; Michael Muntner; Ben Adams; Andrew Rymer

The meeting was called to order by Chairman Shivery.

Staff and advisor presentations were made through use of a handout which had previously been distributed to the Committee, and which is made a part of these minutes.

The minutes from the March 23, 2001 Committee meeting were approved as submitted.

Mr. Shivery noted that two acceptable transaction proposals had been submitted by partnership candidates. Mr. Jews re-iterated the process by which acceptable candidates had been narrowed from several, to four, and then to two. He also reviewed the verbal assurances to be resolved before any final decision is made. Mr. Smith (Credit Suisse First Boston—CSFB) elaborated, explaining that based on the "best-and-final" bidding process, WellPoint's proposal emerged as clearly superior. He then proceeded to compare the offers, summarizing major provisions.

Mr. Smith indicated that although a similar price was proposed, Trigon requested the option to replace cash with financing via notes. WellPoint proposed a slightly lower cash element to the mix; however, the cash portion is fixed and not subject to replacement with other financing vehicles. In addition, Trigon established a stock floor, but defined no collar mechanism. Alternately, WellPoint ensures the purchase price if the stock price falls below an established floor. Finally, Trigon's offer imposes financial performance requirements on CareFirst, whereas WellPoint imposes none.

Another significant item is Trigon's stated intention to reduce "cost redundancies"—which could signal extensive job elimination—to achieve financial targets. WellPoint has stated no such intention, and has, in fact, indicated a commitment to maintaining a substantial local presence.

Trigon's offer regarding Board representation is marginally better than WellPoint's. However, both have offered to transition existing members to "Advisory boards" that would have input regarding the operating units in each jurisdiction.

Mr. Smith noted the unusual nature of Trigon's proposed management structure. In particular, the "circular" reporting relationship by which Mr. Jews would be Chairman, but would simultaneously report directly to Mr. Snead—who would retain the title of CEO—could result in confusion and conflicting goals. It was noted that WellPoint's proposed executive reporting structure, whereby Mr. Jews would clearly lead East-coast operations and report directly to Mr. Scheaffer, is significantly more feasible. On a related note, Trigon's retrenchment regarding a possible relocation of headquarters to a central location signals a diminished level of commitment to retaining local presence. Several committee members noted that the Trigon management structure proposed would be unworkable and would ultimately be harmful to our stakeholders.

Mr. Smith concluded that WellPoint's current proposal is superior based on Trigon's ability to subordinate paper, Trigon's downside stock exposure, Trigon's performance requirements for CareFirst, and the probability that Trigon would require down-sizing in order to make its transaction work. Combined, these items invoke uncertainty of closure, and heightened uncertainty of closing price with regard to Trigon's offer.

In response to Mr. Naftaly's question regarding price as a primary consideration, Mr. Jews noted that although CareFirst is not subject to the "Revlon Rules", the transaction would trigger a foundation obligation, for which price would be important. However, he also noted that price is only one consideration among many. In particular, Mr. Jews was concerned that a transaction with Trigon would require them to rapidly eliminate up to 2,000 positions—a consequence that would be untenable, especially with local constituents. Mr. Jews also noted that from a strategic perspective Wellpoint has more long-term capacity for expansion, given their current structure and access to capital. Mr. Jews

stated, in conclusion, that a WellPoint transaction would be less disruptive for regulators, customers, and providers. It would ultimately result in capital investments to integrate technology and expand territory, while creating an opportunity to attract new partners and customers.

Mr. Altobello noted that WellPoint represents the highest level of stability for all constituents, while simultaneously representing a superior price—a standard by which, he reminded the group, the transaction will externally be evaluated. As this portion of the conversation came to a close, Mr. Shivery reiterated the need for all Committee members to voice any and all concerns they might have regarding the transaction. Mr. Simpson and Mrs. Lund expressed concern that Trigon's proposal would result in layoffs which would be inconsistent with the company's strategic plan.

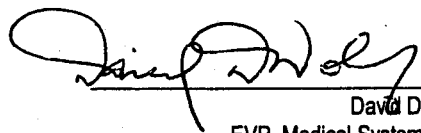
In response to a question regarding whether maintaining the status quo was a viable alternative, Mr. Jews reported that to do so would, over time, erode the size and financial strength of the companies, in terms of the number of associates and their ability to expand and invest in infrastructure improvements.

Mr. Smith stated that CSFB's Fairness Opinion is anticipated to reflect WellPoint's ability to close the transaction from a financial perspective, and that the price is fair. CSFB's opinion is pending final terms. Mr. Smith noted that CareFirst provided financial information that will be used to generate the transaction model, and that CareFirst's Chief Financial Officer will review the Opinion.

Mr. Shivery closed this discussion by requesting that the Committee approach the Board with the recommendation to authorize CareFirst to pursue further due diligence with WellPoint, without eliminating Trigon from consideration. The Committee concurred, with an agreement to solicit the full Board's support for this approach. Legal Counsel from Piper Marbury Rudnick & Wolfe—Mr. Jay Smith—reminded the Committee of their obligation to maintain all information related to a potential transaction in confidence.

Mr. Rekart shared a brief update regarding various Information Technology initiatives. E-commerce initiatives under-way currently target brokers, providers, and customers. Platform migration and consolidation are key initiatives that are well under-way. Mr. Rekart closed with an overview of corporate obligations and progress related to HIPAA (Health Insurance Portability and Accessibility Act) legislation.

There being no further business, the Committee meeting adjourned at 11:45 a.m.


David D. Wolf
EVP, Medical Systems and
Corporate development

OCC 016291

Strategic Planning Committee Meeting

April 26, 2001, 10:00 a.m. – 12:00 p.m.

at
CareFirst, Inc. Owings Mills Offices
9th Floor Boardroom

Agenda

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| 1) Call to Order | Shivery | 10:00 a.m. – 10:05 a.m. |
| <input type="checkbox"/> Meeting Preview | | |
| <input type="checkbox"/> Review of 3/23/01 Minutes | | |
| 2) Management Overview | Jews | 10:05 a.m. – 10:15 a.m. |
| 3) Update on Partner Performance | Credit Suisse First Boston | 10:15 a.m. – 10:20 a.m. |
| 4) WellPoint & Trigon Proposal Comparison
–Valuation Discussion | Credit Suisse First Boston | 10:20 a.m. – 11:20 a.m. |
| 5) Review Board Discussion | Committee | 11:20 a.m. – 11:40 a.m. |
| 6) Process/Timing | Wolf | 11:40 a.m. – 11:45 a.m. |
| 7) Next Steps | Shivery | 11:45 a.m. – 11:55 a.m. |
| 8) Information Technology Update | Kaplan/Rekart | 11:55 a.m. – 12:00 p.m. |

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